



THE GREATER KOKSTAD LOCAL MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2009

MUNICIPAL MANAGER

M.A. NKOSI

CHIEF FINANCIAL OFFICER

L. NDZELU

**HOPE STREET
KOKSTAD
4700**

**P.O. Box 0008
Kokstad
4700**

THE GREATER KOKSTAD MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2009

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GENERAL INFORMATION

MEMBERS OF THE EXECUTIVE COMMITTEE

1. Councillor M. Sithole (Mayor)
2. Councillor N.Thabethe (Deputy Mayor)
3. Councillor WD Bhengu (Executive Member)
4. Councillor M. Khutshwa (Speaker)

GRADING OF LOCAL AUTHORITY

GRADE 7

AUDITORS

Office of the Auditor General

BANKERS

First National Bank of South Africa

REGISTERED OFFICE

Municipal Offices	P.O.BOX 8	Telephone : 039-797 6600
75 Hope Street	Kokstad	Fascimile : 039-727 3676
Kokstad	4700	
4700		

MUNICIPAL MANAGER

Mr M. A. Nkosi

EXECUTIVE MANAGER : FINANCIAL SERVICES

Mr L. Ndzelu

APPROVAL OF FINANCIAL STATEMENTS

The Annual Financial Statements set out on pages 1-25 were approved by the Municipal Manager on 28 AUGUST 2009 and will be presented to next ordinary council for adoption.

MUNICIPAL MANAGER
(Accounting Officer)

EXECUTIVE MANAGER: FINANCIAL SERVICES
(Chief Financial Officer)

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FOREWORD BY THE HONORABLE MAYOR

The financial show that the municipality has achieved a surplus during the current financial year. This is pleasing, however we will endeavour during the next financial year to achieve a better cash flow position during our next financial year.

The current year has been a challenging year without the presence of a permanent municipal manager, however in light of our capacity challenges our incumbents have done a superb job.

The budget for the 2008/2009 financial year has been submitted to the National Treasury for approval. The emphasis will remain on maintaining sound financial control to ensure that spending is properly managed.

My thanks go the Acting Municipal Manager's and his staff and my fellow councilors for the hard work and cooperation during the year and the atmosphere in which I have been able to perform my duties.

I believe that with the dedication of everyone at council our work will go along way to achieving gratification of the communities within our Municipal boundary.

THE HONORABLE MAYOR
Mr. M. Sithole

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CHIEF FINANCIAL OFFICER'S REPORT

BACKGROUND

The Greater Kokstad Municipality is a grade nine municipality within the Sisonke District Municipality. It covers the major area of Kokstad and is on the edge of the Eastern Cape Border

CHALLENGES

The municipality has been under extremely challenging conditions. It has to address challenges of Infrastructure, Tourism, Local economic development, poverty, MFMA implementation and getting other sources of revenue. The municipality has achieved some objectives such as a performance management system but there is still long way to go.

GENERAL

1. OPERATING RESULTS

	Actual 2009	Actual 2008	Variance %	Budget 2009	Variance %
			2008/2009		of actual to
					budget
Revenue	136 198 486	96 518 609	-29%	154 246 556	63%
Total Expenditure	142 662 922	127 240 808	-11%	154 246 557	82%
Salaries, wages and allowances	45 469 216	40 411 170	-11%	46 068 075	88%
General expenses	75 345 151	69 717 841	-7%	76 942 560	91%
Repairs and maintenance	475 410	1 920 365	304%	3 629 039	53%
Capital charges	6 023 651	4 906 833	-19%	3 084 111	0%
Contributions to fixed assets	9 387 213	5 768 176	-39%	22 729 601	25%
Contributions	5 962 280	4 516 422	-24%	1 793 171	0%
Net Surplus / (Deficit)	-6 464 435	-30 722 200	375%	-1	

2. ACCUMULATED DEFICIT

The current year balance in the balance sheet reflects a positive surplus of R3.327 million.
The prior year surplus of R19.3million lead to the reversal of old negative surpluses that have accrued over time.

3. OVERALL CASH POSITION

Council has investments with the local financial institutions of R25 million (R30million : 2006)
The cash book balance is an overdraft R813 241.
The Municipality is in a favourable position to discharge all its obligations and does not foresee cash flow problems.
The municipality has a negative cash book balance at year end, however the bank balance is positive as per the reconciliation.

4. ACCOUNTS RECEIVABLE

The value of debtors have increased to R47.1 million from R27.8million. The main reason for the increase is due to the raising of a Vat debtor due from SARS. Consumers have not changed materially.
We are currently liaising with SARS in lieu of recovering these amounts and will hope to achieve this within the next financial year.

5. CAPITAL AND FINANCING

During the current year one additional source of finance, an external loan of R5.8million was undertaken.
The reason for the loan was due a capital expansion for electrification that was required to be performed.
No loans were taken and utilised for general operations.

6. EXTERNAL LOANS, INVESTMENTS AND CASH

External loans at year end amounted to R17.365 million. The only loan taken out was referred in point 5 above.
Investments at year end amounted to R25.201 million. These are short term investments.
The cashbook balance was an overdraft at year end. Refer to point 3 above for the detail on the cash position.

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CHIEF FINANCIAL OFFICER'S REPORT

7. FUNDS AND RESERVES

There has been no change to the funds and reserves. Management has contributed 3% to the fund during the current year. The contribution amounted to R2.959million. The year end value of funds was R40.851million

8. POST BALANCE SHEET EVENTS

No events subsequent to balance sheet occurred, that required a note in the financial statements or amendment to the amounts disclosed on the trial balance.

9. Fixed Assets

The net book value of fixed assets have decreased from an opening balance of R16.6million to R0.6 million.

Cost of Fixed Assets	<u>2008</u>	<u>2009</u>	<u>Movement</u>
Rates and General	141 041 909	169 572 839	28 530 930
Housing	0	0	0
Electricity	128 597 502	141 315 319	12 717 817
Public Improvement Fund	0	0	0
Total Assets	270 539 411	310 888 158	41 248 747
Loans Redeemed	255 625 541	299 687 370	44 061 829
	14 913 870	11 200 788	-3 713 082

10. EXPRESSION OF APPRECIATION

I would like to thank the mayor, councilors, municipal manager, heads of departments and the staff for their support during the year.

L. NDZELU
EXECUTIVE MANAGER - FINANCIAL SERVICES

DATE

THE GREATER KOKSTAD MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
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Accounting Policies for the Annual Financial Statements

1. BASIS OF PRESENTATION

These financial statements have been prepared so as to conform to the standards laid down by the Institute of Municipal Finance Officers and Accountants in its Code of Practice for Local Government Accounting (1997) and the Published Annual Financial Statements for Local Authorities (2nd Edition as amended).

The financial statements are prepared on the historical cost basis, except for the revaluation of land and buildings which are carried at fair value. Adjustments for capital expenditure are made and are more fully detailed in 3 below. Except where otherwise indicated, the accounting policies are consistent with those applied in the previous year.

The financial statements are prepared on the accrual basis:

Income is accrued when collectable and measurable. Certain direct income is accrued when received such as traffic fines and licenses.

Expenditure is accrued for in the year in which it is incurred.

2. CONSOLIDATION

The balance sheet includes the Rates and General Services, Housing Services, Trading Services and the different funds, reserves and provisions. Assessment rates, refuse removal and electricity are treated as income and expenditure in the respective departments.

3. FIXED ASSETS

Fixed Assets are stated at cost or at valuation (based on the market price at date of acquisition), where assets have been acquired by donation whilst they are in existence and fit for use. Land and buildings are stated at revalued amounts being the fair value at the date of revaluation.

3.1 DEPRECIATION

The balance shown against the heading "loans redeemed and other capital receipts" in the notes to the balance Sheet is tantamount to a provision for depreciation; however, certain structural differences do exist. By way of this "provision" assets are written down over their estimated useful life. Apart from advances from various Council funds, assets may also be acquired through:

Appropriations from income, where the full cost of the asset forms an immediate and direct charge against operating income and it is therefore unnecessary to make any further provision for depreciation.

External contributions, grants and subsidies, where the amount representing the value received is immediately credited to the "loans redeemed and other capital receipts" account.

All proceeds from the sale of fixed property are credited to the Public Improvement Fund. Net proceeds from the sale of all other assets are credited either to the relevant department in which the asset was purchased or to the Capital Development Fund.

Capital assets are financed from different sources, including external loans and contributions, operating income and internal advances. These loans and advances are repaid within the estimated lives of the assets acquired from such loans and advances. Interest is charged to the services concerned at the ruling interest rate applicable at the time the advance is made.

THE GREATER KOKSTAD MUNICIPALITY
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Accounting Policies for the Annual Financial Statements

4. INVENTORY

Consumable stores are valued at the lower of cost and net realisable value. Inventory is valued at weighted average cost.

5. FUNDS AND PROVISIONS

5.1 Capital Development Fund

The local Authorities Ordinance (No.25 of 1974) requires that a minimum contribution of 3% of the total revenue accruing to the rate and general services and relevant trading services be made to the Capital Development Fund.

5.2 Public Improvement Fund

The local Authorities Ordinance (No. 25 of 1974) requires that all monies not otherwise appropriated by law received by the Council from any alienation of immovable property, any endowments payable in terms of Section 16(2) of the Town Planning Ordinance (No. 27 of 1949) and any proceeds of any loan raised by the Council for the purchase or improvement contemplated in terms of paragraph (b), (c) and (d) (i) of section 103(3), shall be paid into the Public Improvement Fund.

5.3 Bad Debts Provision

Provision for bad debts is raised to meet the likely non-payment for services consumer debtors.

5.5 Leave Provision

Provisions are recognised when the municipality has a present obligation as a result of past events and it is probable that this will result in an outflow of economic benefits that can be estimated reliably. Provision for staff leave represents a sum of the present obligation by the Municipality in respect of leave due and payable at year end.

THE GREATER KOKSTAD MUNICIPALITY
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Accounting Policies for the Annual Financial Statements

6. TRADE CREDITORS

Invoices are recognised on the accrual basis of accounting. Amounts at year end have occurred and are liable.

7. SURPLUSES AND DEFICITS

A portion of the surplus generated by the Electricity Services is used to reduce the deficit in the Rates and General Services.

8. INVESTMENTS

Investments are stated at the lower of cost or market value if a permanent decline in the value has occurred. Municipal investments are made in accordance with the provisions of the Local Authorities Ordinance ,No.25 of 1974.

9. INCOME RECOGNITION

9.1 Electricity Billing

Service charges relating to electricity are based on consumption. Consumer meters are read on a monthly basis and are recognised as revenue when invoiced. Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale.

9.2 Refuse

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property. Fixed tariffs are determined per category of property usage.

9.3 Assessment Rates

A general rate is levied based on the property market value. Differential rebates and exemptions are granted to various categories of properties.

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Accounting Policies for the Annual Financial Statements

10. TREATMENT OF ADMIN AND OTHER OVERHEAD EXPENSES

The cost of internal support services is transferred to the different services in accordance with the Institute Report on Accounting for Support Services (June 1990).

11. LEASED ASSETS

Leases are treated as operating leases and the relevant rentals are charged to the operating account in a systematic manner related to the period of use of the assets concerned.

12. RETIREMENT BENEFITS

The Greater Kokstad Municipality and its employees contribute to the Kwa-Natal Joint Municipal Pension Fund or the Kwazulu - Natal Joint Municipal Provident Fund which provides retirement benefits to employees. The Councillors contribute to the Municipal Councillors Pension Fund. The retirement benefit plan is subject to the rules and regulations prescribed by the Local Government Superannuation Ordinance, 1973 (Ordinance No. 24 of 1973) and is in accordance with the requirements of the Pension Funds Act, 1956. Current contributions are charged against operating income on the basis of current service costs in accordance with a defined contribution plan scheme.

**THE GREATER KOKSTAD MUNICIPALITY
BALANCE SHEET AS AT 30 JUNE 2009**

	Note	2009 R	2008 R
CAPITAL EMPLOYED			
<i>FUNDS AND RESERVES</i>			
STATUTORY FUNDS	1	47 267 288	44 159 390
ACCUMULATED (DEFICIT)	2	(33 062 255)	(27 858 189)
LONG-TERM LIABILITIES	3	7 993 198	11 954 949
CONSUMER DEPOSITS	4	2 337 644	2 282 135
		24 535 875	30 538 285
<i>EMPLOYMENT OF CAPITAL</i>			
NON CURRENT ASSETS		11 200 788	14 913 867
FIXED ASSETS	5	11 200 788	14 913 867
NET CURRENT ASSETS		13 335 087	15 624 418
CURRENT ASSETS		40 464 762	38 904 305
INVENTORY	7	276 482	424 769
INVESTMENTS	6	4 282 686	16 245 186
DEBTORS	8	35 900 490	19 480 807
CASH AND OTHER CASH EQUIVALENTS	16	5 105	2 753 543
CURRENT LIABILITIES		27 129 675	23 279 887
CREDITORS	10	14 036 072	17 939 154
BANK OVERDRAFT	16	4 558 971	-
PROVISIONS	9	5 327 039	2 381 812
LONG TERM LIABILITIES: SHORT-TERM PORTION	3	3 207 593	2 958 921
		24 535 875	30 538 285

THE GREATER KOKSTAD MUNICIPALITY
INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

2008 Actual Income R	2008 Actual Expenditure R	2008 Surplus/ (Deficit) R		2009 Actual Income R	2009 Actual Expenditure R	2009 Surplus/ (Deficit) R
62 862 911	95 509 363	(32 646 452)	RATES AND GENERAL SERVICES	93 810 348	105 287 917	(11 477 569)
50 030 018	76 786 860	(26 756 842)	Community services	77 936 170	86 809 900	(8 873 730)
5 052 446	12 200 886	(7 148 440)	Subsidised services	5 123 147	12 784 626	(7 661 479)
7 780 447	6 521 617	1 258 830	Economic services	10 751 030	5 693 390	5 057 640
33 655 697	31 731 445	1 924 252	TRADING SERVICES	42 388 138	37 375 005	5 013 134
96 518 609	127 240 808	(30 722 200)	TOTAL	136 198 486	142 662 922	(6 464 435)
		(463 078)	Appropriations for the year (refer note 2)			1 260 370
		(31 185 277)	Net Surplus/(Deficit) for the year			(5 204 065)
		3 327 088	Accumulated Surplus/(Deficit) beginning of the year			(27 858 189)
		(27 858 189)	ACCUMULATED SURPLUS/(DEFICIT) AT THE END OF THE YEAR			(33 062 254)

THE GREATER KOKSTAD MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 R	2008 R
CASH (APPLIED TO) / RETAINED FROM OPERATING ACTIVITIES			
Cash (utilised) / generated by operations	14	(3 895 290)	(29 592 128)
Investment income	13	1 001 796	862 456
(Decrease) / increase in working capital		(16 980 579)	23 750 540
Proceeds on disposal of fixed assets		-	1 701 818
Finance costs	13	<u>(2 310 572)</u>	<u>(2 455 606)</u>
CASH UTILISED BY OPERATIONS		<u>(22 184 644)</u>	<u>(5 732 918)</u>
NET CASH FLOW		<u><u>(22 184 644)</u></u>	<u><u>(5 732 918)</u></u>
CASH EFFECTS OF FINANCING ACTIVITIES			
(Decrease) / increase in statutory funds		(3 107 898)	3 307 784
Decrease / (increase) in long-term loans		(3 961 751)	(3 002 005)
Increase in consumer deposits		(55 509)	32 156
Increase in Fixed Assets		(1 286 453)	
(Decrease) in cash investments		(11 962 500)	8 956 418
Increase / (decrease) in bank balances and cash		(1 810 533)	(3 561 434)
NET CASH UTILISED		<u><u>(22 184 644)</u></u>	<u><u>5 732 919</u></u>

THE GREATER KOKSTAD MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2009

	2009 R	2008 R
1. Statutory funds		
Capital development fund	41 741 119	38 633 220
Public Improvement fund	5 526 170	5 526 170
	47 267 288	44 159 390
(Refer to appendix "A" for more details)		
2. Accumulated surplus		
<i>Appropriations</i>		
Accumulated surplus / (deficit) at the beginning of the year	(27 858 189)	3 327 088
Surplus (Deficit) for the year	(6 464 435)	(30 722 200)
Appropriations for the year	1 260 370	(463 078)
Prior year adjustments	1 260 370	(463 078)
Current year adjustments	1 260 370	(463 078)
Accumulated (deficit) / surplus at the end of the year	(33 062 255)	(27 858 189)
3. Long-term Liabilities		
Planet Finance - R2 888 595 variable	-	1 101 277
INCA - R 8 000 000 @ 16.75%	2 685 769	3 737 364
INCA - R 5 800 000 @ 12.26%	5 013 296	5 403 685
INCA - R 7 000 000 @ 11.87%	3 501 726	4 671 544
Less: Short-term portion	3 207 593	2 958 921
Planet Finance - R2 888 595 variable	-	347 120
INCA - R 8 000 000 @ 16.75%	1 235 112	1 051 595
INCA - R 5 800 000 @ 12.26%	439 718	390 389
INCA - R 7 000 000 @ 11.87%	1 532 763	1 169 817
	7 993 198	11 954 949
(Refer to appendix "B" for more details)		
4. Consumer Deposits		
Electricity Deposits	2 337 644	2 282 135
Balance at the end of the year	2 337 644	2 282 135

THE GREATER KOKSTAD MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2009

	2009	2008
	R	R
5. Fixed Assets		
Fixed assets at the beginning of the year	270 539 410	290 406 924
Fixed asset disposals	-	(1 052 341)
Audit adjustments		-
Capital expenditure during the year	40 348 748	12 645 101
Less: Fixed assets written off, transferred or sold		(31 460 276)
Total fixed assets	<u>310 888 158</u>	<u>270 539 408</u>
Less: Loans redeemed and other capital receipts	<u>299 687 370</u>	<u>(255 625 541)</u>
Net fixed assets	<u>11 200 788</u>	<u>14 913 867</u>
(Refer to Appendix "C" for more information).		
6. Investments		
Unlisted investments		
6.1 Short-term investments (call accounts) held at the First National Bank		
Reserve Account - Daily Call Account	40 028	31 000
Geographical Information Systems (GIS) Account	-	186 959
Financial Management Grant	9 700	243 311
People's Housing Process	136 801	200 794
Municipal Infrastructure Grant (MIG)	124 021	197 741
Secured Investment Account	-	2 816 597
Consolidated Municipal Improvement Funding	-	5
Municipal Systems Infrastructure Grant - MSIG	19 895	170 243
Recovery Plant Account	59	-
Collateral - FNB	6	6
Housing Operating account	415 613	-
FMG Investment	258 999	-
Land Sales Proceeds	13 162	
Government Exectancy	430 431	155 691
Cemetery	911 026	69 326
Horseshoe Housing	1 879 036	1 997 183
Gijima Account	29 441	27 798
Bhekintaba Substation	14 467	2 386 652
Human Resources System	-	114 538
Public Participation	-	114 781
Municipal Improvement Infrastructure Programme	-	221 386
Services (REDS)	-	166 040
Sports Upgrade Facility (SFU)	-	118 722
Meter Audit (Project Consolidate)	-	1 052 922
Land Use Proceeds	-	362 003
Municipal Offices	-	5 083 538
	<u>4 282 686</u>	<u>15 717 236</u>

THE GREATER KOKSTAD MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2009

	2009 R	2008 R
6. Investments		
Unlisted investments		
6.2 Short-term investments (call accounts) held at ABSA		
Collateral Absa	0	20 792
Subtotal	<u>0</u>	<u>20 792</u>
6.3 Short-term investments (call accounts) held at the New Republic Bank	<u>0</u>	<u>507 158</u>
Grand-total	<u>4 282 686</u>	<u>16 245 186</u>
Management's valuation of unlisted investments	<u>-</u>	<u></u>
Average rate of return on investments	6%	6%
Circular number 25 issued by the Provincial Legislature requires local authorities to invest funds, which are not immediately required, with prescribed institutions and the period should be such that it will not be necessary to borrow funds against the investments at a plenary rate to meet commitments.		
No investments were written off during the year.		
No investments have been pledged as security for any funding facilities of the council.		
7. Inventory	<u>276 482</u>	<u>424 769</u>
8. Debtors		
Consumer debtors	41 088 943	31 786 963
Vat Debtor	15 488 618	10 210 297
Sundry debtors	<u>1 095 484</u>	<u>859 274</u>
	57 673 045	42 856 534
Provision for bad debts	<u>(21 772 555)</u>	<u>(23 375 727)</u>
	<u>35 900 490</u>	<u>19 480 807</u>

THE GREATER KOKSTAD MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2009

	2009	2008
	R	R
9. Provisions		
Leave provision	4 768 627	2 381 812
Senior Managers Performance Bonus Provision	558 412	
	<u>5 327 039</u>	<u>2 381 812</u>
10. Creditors		
Trade creditors	1 028 287	9 059 554
Sundry Creditors	7 638 964	361 265
Other Creditors (Unspent Grants)	5 368 821	8 518 335
	<u>14 036 072</u>	<u>17 939 154</u>
11. Councillors' Remuneration		
Mayor's allowance	518 697	450 579
Councillor's allowance	1 813 937	1 531 186
Deputy Mayor's Allowance	430 942	363 343
	<u>2 763 575</u>	<u>2 345 108</u>
12. Senior Managers' Remuneration		
Municipal Manager	813 750	655 858
Chief Financial Officer	551 020	469 356
Executive Manager: Corporate Services	551 020	469 356
Executive Manager: Social Development (Acting)	80 473	404 542
Executive Manager: Infrastructure	610 898	541 928
	<u>2 607 161</u>	<u>2 541 040</u>
13. Financial transactions:		
<i>Total external interest earned or paid</i>		
Interest Income	1 001 796	862 456
Interest paid	<u>(2 310 572)</u>	<u>(2 455 606)</u>
<i>Capital charges debited to operating account</i>		
Interest: External	2 310 572	2 455 606
Redemption: External	3 713 079	2 451 228
	<u>6 023 650</u>	<u>4 906 834</u>

THE GREATER KOKSTAD MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2009

	2009 R	2008 R
14. Reconciliation of deficit for the year to cash (applied to) / generated by operations		
Deficit for the year	(6 464 435)	(30 722 200)
Adjustment for:		
Appropriations (added) / deducted to/from income	1 260 370	(463 078)
Finance costs	2 310 572	2 455 606
Investment income	(1 001 796)	(862 456)
Cash (applied to) / generated by operations	<u>(3 895 290)</u>	<u>(29 592 127)</u>
15. Working capital changes		
Increase in inventory	148 287	(96 140)
Decrease / (increase) in debtors	(16 419 683)	27 681 444
Decrease in short-term portion of long-term debtors	-	43 340
Decrease in creditors	(3 903 082)	(3 178 635)
Decrease in provisions	2 945 227	(1 250 245)
Increase in short-term portion of long-term liabilities	248 672	550 777
Decrease / (increase) in working capital	<u>(16 980 579)</u>	<u>23 750 539</u>
15. Cash and Other Cash Equivalents		
Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position :		
Main Bank Account (overdraft) - FNB	4 558 971	2 755 174
Other cash resources	5 105	1 631
	<u>(4 553 866)</u>	<u>(2 753 543)</u>
The Main Bank Account is held at the Kokstad Branch of the First National Bank and is a current account. The municipality has a bank guarantee of R 30 000 for postage.		
16. Investments Summary		
Housing	2 294 649	1 997 182
Infrastructure	124 021	2 754 641
Financial Assistance	719 025	544 863
Other	1 144 990	10 948 499
	<u>4 282 686</u>	<u>16 245 185</u>

THE GREATER KOKSTAD MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2009

	2009 R	2008 R
18. MFMA Expense Disclosures		
Audit Fees	852 020	788 591
Medical Aid Costs	1 598 322	1 200 077
Pension Fund Contributions	5 087 066	4 244 070
	<u>7 537 408</u>	<u>6 232 738</u>

19. Contingent Liabilities

Management have identified contingent liabilities that affect the Municipality at year end as:

Inkunzi Civils (Contractor: Bhongweni Roads)
GC Civils (Contractor: Kokstad Roads Phase 3)
KNA (Consultant: Kokstad Roads Phase 3)

20. Capital Commitments

Commitments in respect of capital expenditure:

	2009 R	2008 R
Infrastructure	23 522 024	22 100 343
Rehabilitation of Kokstad Roads	13 468 926	10 500 000
Shayamoya Taxi Route	2 362 932	9 377 455
Upgrading of Mary Park Stadium	248 230	1 162 870
Bongweni Stadium	94 732	1 060 018
Bhekintaba	347 204	0
Municipal Offices	7 000 000	0
Total	<u>23 522 024</u>	<u>22 100 343</u>

This expenditure will be financed from:

- Government grants	8 895 434	8 018 338
- Own resources	14 626 590	14 082 005
	<u>23 522 024</u>	<u>22 100 343</u>

21. Councillor's Arrears

Councillor N Mavuka	5 833
Councillor T.N. Jojozi	10 455
Councillor J.J. Mhlongo	1 955
Councillor M. Mathe	577
	<u>12 986</u>

THE GREATER KOKSTAD MUNICIPALITY

APPENDIX A

Accumulated Funds, Trust funds, Reserves and Provisions for the Year Ended 30 June 2009

	Balance at 2008/06/30	Contributions during the year	Expenditure during the year	Balance at 2009/06/30
	R	R	R	R
Statutory Funds:				
Capital development fund	38 633 220	3 107 898	-	41 741 119
Public Improvement Fund	5 526 170	-	-	5 526 170
	44 159 391	3 107 898	-	47 267 289
	44 159 391	3 107 898	-	47 267 289

THE GREATER KOKSTAD MUNICIPALITY

APPENDIX B

External Loans and Internal Advances for the Year Ended 30 June 2009

	Balance at 30/06/2008	Interest for the year	Redeemed / write off during the year	Balance at 30/06/2009
	R	R	R	R
EXTERNAL LOANS				
Annuity Loans				
INCA - R 8 000 000 @ 16.75%	3 737 364	584 281	(1 635 876)	2 685 769
Planet Finance - R2 888 595 variable	1 101 277	160 288	(1 261 566)	-
INCA - R 5 800 000 @ 12.26%	5 403 685	651 135	(1 041 524)	5 013 296
INCA - R 7 000 000 @ 11.87%	4 671 544	870 203	(2 040 021)	3 501 726
	-			-
TOTAL EXTERNAL LOANS	14 913 870	2 265 907	(5 978 987)	11 200 792

THE GREATER KOKSTAD MUNICIPALITY
APPENDIX C: ANALYSIS OF FIXED ASSETS FOR THE YEAR ENDED 30 JUNE 2009

SERVICE	Balance at 30.6.2008 R	Expenditure 08/09 R	Redeemed transferred or written off R	Balance at 30.6.2009 R
RATES & GENERAL SERVICES	141 941 908	27 630 931	0	169 572 839
Fixed Assets	0	0		0
Land	77 742 000	13 511 422		91 253 422
Roads & Streets	51 650 912	12 907 854		64 558 766
TV Transmitter	0	0		0
Office Furniture & Equipment	2 710 889	193 430		2 904 319
Computer Equipment	1 896 945	756 435		2 653 379
Vehicles & Plant	7 774 840	119 358		7 894 198
Tools & Equipment	166 323	142 432		308 755
Public Participation	0			0
Project Consolidate	0			0
TRADING	128 597 502	12 717 817	0	141 315 319
Electricity	128 597 502	12 717 817		141 315 319
FIXED ASSETS	270 539 410	40 348 748	0	310 888 158
Less: LOANS REDEEMED AND OTHER CAPITAL RECEIPTS	255 625 541	44 061 827	0	299 687 370
Loans Redeemed & Advances Repaid	47 460 490	15 570 930		63 031 421
Contributions from Operating Income	12 212 719	12 177 604		24 390 324
External Contributions	884 312	59 533		943 845
Grants and Subsidies	194 839 001	16 253 760		211 092 761
Proceeds ex Sale of Assets	229 020	0		229 020
NET FIXED ASSETS	14 913 868	-3 713 079	0	11 200 788

THE GREATER KOKSTAD MUNICIPALITY

APPENDIX D

Analysis of Operating Income and Expenditure for the year ended 30 June 2009

Actual 2008 R		Actual 2009 R	Budgeted 2009 R
	Income		
20 297 024	Subsidies	26 556 962	24 881 000
19 563 024	Equitable share	22 796 411	22 796 000
734 000	Government and Provincial grants	3 760 551	5 090 000
76 221 584	Operating income	109 641 525	129 365 556
20 599 324	Assessment rates	41 940 578	46 288 648
33 635 629	Sale of electricity	42 359 712	54 355 604
21 986 631	Other income	25 341 235	28 721 304
96 518 609	Total income	136 198 486	154 246 556
	Expenditure		
40 411 170	Salaries, wages and allowances	45 469 216	46 068 074
69 717 841	General expenses	75 345 151	76 942 560
1 920 365	Repairs and maintenance	475 410	3 629 039
4 906 833	Capital charges	6 023 651	3 084 111
5 768 176	Contributions to fixed assets	9 387 213	22 729 601
4 516 422	Contributions	5 962 280	1 793 171
127 240 808	Gross Expenditure	142 662 922	154 246 556
-30 722 200	Net Surplus (Deficit)	-6 464 435	0

THE GREATER KOKSTAD MUNICIPALITY

APPENDIX E

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

Actual Income 2008 R	Actual expenditure 2008 R	Surplus / (Deficit) 2008 R		Actual Income 2009 R	Actual expenditure 2009 R	Surplus / (Deficit) 2009 R	Budget Surplus/Deficit 2009 R
96 518 609	127 240 808	-30 722 200	Rates and general services	136 198 486	142 662 922	-6 464 435	0
50 030 018	76 786 860	-26 756 842	Community Services	77 936 170	86 809 900	-8 873 730	-8 506 745
20 599 324	0	20 599 324	General Rates	41 940 578	0	41 940 578	46 288 648
4 596 301	11 422 345	-6 826 043	Administration	2 599 814	13 623 658	-11 023 843	-9 442 583
33 615	1 037 251	-1 003 635	Library	8 445	1 107 683	-1 099 238	-1 095 501
22 412 794	38 107 981	-15 695 188	Treasury	31 191 558	36 024 077	-4 832 519	4 508 399
424 290	1 514 261	-1 089 971	Customer Care Centre	645 810	1 997 955	-1 352 145	-1 658 915
0	0	0	Clinic			0	0
82 608	1 116 449	-1 033 841	Cemetery	87 857	1 028 193	-940 337	-1 803 287
25 087	2 976 471	-2 951 384	Parks & Recreation	65 522	2 776 277	-2 710 755	-2 943 631
0	0	0	Housing Administration			0	0
292 937	3 174 219	-2 881 282	Town Engineer : Administration	286 386	4 529 091	-4 242 706	-4 309 315
11 771	8 392 786	-8 381 015	Roads & Streets	8 707	12 609 470	-12 600 763	-23 215 436
0	0	0	Sport	28 684	486 364	-457 680	-1 814 201
1 551 290	4 916 300	-3 365 010	Municipal Manager	1 072 810	8 567 898	-7 495 088	-9 219 570
0	4 128 798	-4 128 798	Councillors Administration		4 059 233	-4 059 233	-3 801 353
5 052 446	12 200 886	-7 148 440	Subsidised Services	5 123 147	12 784 626	-7 661 479	-7 157 104
0	1 174 505	-1 174 505	Workshop	0	1 271 029	-1 271 029	-1 510 555
101 949	2 304 088	-2 202 139	Health Services	0	0	0	0
3 626 670	4 606 841	-980 171	Protection Services	4 038 403	6 371 117	-2 332 714	-1 769 674
916 407	2 232 104	-1 315 697	Fire	672 501	3 078 127	-2 405 627	-2 288 026
407 420	1 883 348	-1 475 928	Estates	412 243	2 064 353	-1 652 109	-1 588 849
7 780 447	6 521 617	1 258 830	Economic Services	10 751 030	5 693 390	5 057 640	-921 240
120 995	395 539	-274 544	Cleansing	10 751 030	5 693 390	5 057 640	-921 240
7 659 452	6 126 078	1 533 374	Sewerage-vacuum tank	0	0	0	0
33 655 697	31 731 445	1 924 252	Trading Services	42 388 138	37 375 005	5 013 134	16 585 089
33 655 697	31 731 445	1 924 252	Electricity	42 388 138	37 375 005	5 013 134	16 585 089
96 518 609	127 240 808	-30 722 200	Total	136 198 486	142 662 922	-6 464 435	0
		-463 078	Appropriations for the year (Refer to note 17)			1 260 370	
		-31 185 277	Net surplus for the year			-5 204 065	
		3 327 089	Accumulated surplus/(deficit) at the beginning of the year			-27 858 189	
		-27 858 189	Accumulated surplus / (deficit) at the end of the year			-33 062 254	

THE GREATER KOKSTAD MUNICIPALITY

APPENDIX F

STATISTICAL INFORMATION

	2008/2009	2007/2008
General statistics		
Population	67 187	65 870
Properties		
- State	63	83
- Industrial	111	99
- Residential	8 401	7 588
- Commercial	110	114
- Other	191	194
Valuation date: 1 July 2008		
Land Value/ Market Value	3 673 379 000	158 750 902
Rateable Value	3 513 143 000	152 335 222
Non Rateable Value	160 236 000	6 415 680
Number of erven:	8876	7 590
Number of employees	363	388
Electricity statistics		
Units (kWh) purchased	87 484 227	81 900 495
Units (kWh) sold ('000)	87 056 905	81 534 986
Unit (kWh) lost with distribution	-427 322	-365 509
Cost per unit sold		
Percentage loss	0.5%	0.5%